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## REPORT

### WASHINGTON PARISH SCHOOL BOARD INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

FOR  
Varnado High School

AS OF AND FOR THE PERIOD  
July 1, 2010 through March 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 02 2011

WASHINGTON PARISH SCHOOL BOARD  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

Washington Parish School Board  
Franklinton, LA

I have performed the procedures listed below, which were agreed upon by the Washington Parish School Board and Superintendent. These procedures were performed solely to assist the School Board management with respect to compliance with policy and procedures concerning individual school activity accounts and school property inventory at Varnado High School for the period of July 1, 2010 through March 31, 2011. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

I tested inventory records to determine the physical existence of property as listed on the school's property inventory report and to determine that property at the school was included on the inventory list. I also inspected property items to determine if they were identified as property of the school and numbered in accordance with the property inventory list. I examined the records for the school's activity accounts. Three months of bank reconciliations were tested for completeness and mathematical accuracy. Disbursements were tested for proper use of requisitions, purchase orders and supporting documentation in relation to the school board policies and procedures. I tested bank deposits against pre-numbered receipts for propriety and traced them to the activity account ledger. I calculated gross profit percentages on concession sales and performed reasonableness test on other receipt categories where applicable.

Bank reconciliation - Each month tested was mathematically correct, all reconciling items were proper and the reconciled balance equaled the activity account ledger. Beginning and ending balances were traced to prior and subsequent year balances to verify proper cutoffs with transactions recorded in the proper period and balances carried forward properly. There are six checks that are more than one year old on the outstanding check list for March 2011. The school needs to review these checks and void them. There were no other exceptions to School Board policy concerning bank reconciliation procedures in the months I tested. The beginning bank balance at July 1, 2010 was \$43,341, and the balance at March 31, 2011 was \$51,906, resulting in a net increase of \$8,565 for the period ended.

Cash disbursements - For the 20 items tested for the period ended 3/31/11, school board policy was adhered to regarding the proper sequence of issuance of requisitions, purchase orders and the purchase of items. A properly executed requisition and purchase order was issued prior to the purchase or order of goods and services in the items tested. Supporting documents were properly signed indicating approval to purchase, pay, and receipt of the item by the School. All invoices were paid on a current basis, and the disbursement records were neat and orderly allowing the verification process to be accomplished in an efficient manner. When examining the documentation of transfers between activity accounts, I found that the transfers were not signed by the principal. School board policy stipulates that transfers of funds between accounts are to be approved and signed by the principal.

Cash receipts - A total of 20 items were examined. Varnado High School has good documentation supporting their cash receipt transactions. The receipts tested were balanced to the daily recap and traced to the appropriate account in the activity ledger. Deposit tickets were complete and agreed with the daily report. Of the 20 items examined, five receipts (25%) were deposited at least three days or later from the receipt date. In addition, in March, the school only made three deposits for the month with two of these deposits for the boy's basketball games. Varnado High School needs to make timely deposits as required by school board policy.

Ticket reconciliation forms were utilized for the athletic events. The ticket reconciliation forms indicate that three signatures are required for an accounting of the money after the event. My examination of the athletic funds indicated that on some of the forms, only one or two signatures were obtained.

Reconciliation forms were used to support the concession sales. Again, the concession forms indicate that three signatures are required for an accounting of funds. On some of the forms, there were only one or two signatures. On other forms, there were no signatures which would indicate no one counted the funds for concessions after the event was over.

With the exception of one deposit, deposits for athletic events and concessions were deposited timely at the bank, after the event. One deposit for basketball game held on 12/17/10 was not deposited until 1/4/11.

Concessions - Concession operations consist of various units or groups as follows:

- 1) Drink and snack machines-The drink machines are operated on a full service contract. The school netted a total of \$359 from drink commissions. Snack sales netted the school a profit of \$38 or a 1.82%

gross profit for the year. Concessions from snack sales are only deposited once a month.

- 2) Band concession-The band concession booth netted a profit of \$698 or 12.20%.
- 3) Basketball concessions-The basketball concessions booth netted profits of \$3,449.30 (40.92%).

Football Account - Varnado High School has a lack of accountability regarding the funds coming in and going out in the football account. On my examination of the football account, there was an invoice for spirit packs totaling \$2,590.72. The purchase requisition was dated 9/29/10, the invoice dated 10/20/10, and the purchase order was dated 11/4/2010. This indicates the items were ordered before a purchase order was complete which is in violation of School Board policy. Also, there was some indication by school staff that the players paid for the spirit packs. The invoice was paid in full without reviewing the football account to see who paid for their spirit packs. After the invoice was paid, it was indicated by staff that if the players met benchmarks, then the spirit packs would be paid for. There was lack of communication among staff regarding how these items were to be paid for.

The team had a fundraiser selling gold cards. These cards would enable the purchaser to redeem discounts at participating businesses. Each player was given 18 cards to sell. My examination revealed a lack of accountability on this fundraiser. During the sale, there was no recordkeeping by the sponsor on how many cards the players did sell and did not sell. It was several months after the fundraiser before anyone reviewed the account to see how much was deposited from the gold cards. Inquiries were done by asking each student how much they sold and what was done with their unsold cards. Each student was questioned privately by a member of the school staff. Each student signed a statement stating what was sold, how much money, and how many unsold cards were turned in as well as to whom they turned the money in for receipt. They then talked with another staff person stating what was discussed. A list was then compiled comparing what was turned in by the students (either to the office or to the sponsor) versus what was receipted and deposited by the office. The result was a total sale of \$2,895. The amount deposited was \$1,845 leaving a difference of \$1,050. During my examination, I found 4 receipts for gold card sale proceeds totaling \$180 written by an employee in a receipt book. These receipts were not deposited into the bank. Additionally, there was a parent who stated that he gave \$180 to a school employee for all 18 gold cards his son sold. This money was not deposited into the bank. I have discussed these facts with the Superintendent. I have also informed the Washington Parish Sheriff's Office of the facts above including the receipts not deposited. Their office is currently investigating.

Fixed asset inventory – To verify physical existence of items on the School inventory list, I randomly selected items from the inventory list and checked for their physical presence in the listed room. As I moved throughout the School, I also picked items from each room and then verified that the item was on the inventory list. I was able to locate inventory items with the assistance of School personnel. Of the 465 items contained on the School's property inventory, I selected a sample of 96 (20%). I found 99% of the items selected from the inventory list and I found 100% of the items selected from the school grounds.

Improvement that is need to the inventory list is with the kitchen equipment. Some of this property is in the inventory system with old tag numbers. This area of the inventory list needs to be updated with correct tag numbers. The principal is in charge of the inventory list. However, it is my understanding that teachers are required to prepare an inventory list for their respective rooms at the beginning and end of each school year. It should be stressed to the teachers the importance of completing proper transfer sheets when items are permanently moved from one room to another. After review of the School activity accounts, I found no assets purchased.

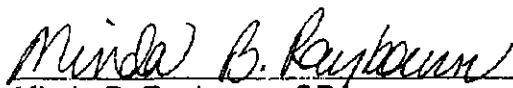
Prior examination report findings – The prior examination of Varnado High School was for the periods ending June 30, 2005 and June 30, 2006. There were two findings as a result of that examination:

1. The inventory sub-ledger not delete all disposals identified on the inventory manager's sub-ledger
2. There were expenditures requested for reimbursement that did not follow school board policy.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Yours truly,

  
Minda B. Raybourn, CPA

May 23, 2011

## **Corrective Action Related to Varnado High School Agreed Upon Procedure Report**

**July 1, 2010 through March 31, 2011**

1. The Varnado High School principal will approve and sign transfers between activity accounts.
2. Varnado High School will make timely deposits.
3. Ticket and concession reconciliation forms will have the correct number of signatures.
4. All collections of money will be done by the school secretaries and receipted immediately on the computer system.

## **Current Status of Prior Year Findings**

**From the Report of June 30, 2005 and June 30, 2006**

1. For deletions from inventory, a deletion form is filled out at the school level, signed by the Principal and sent to the Superintendent. He approves the deletion and forwards to the inventory manager, who then deletes the item from the master inventory list. The master list is then used to take the year-end inventory.
2. Regarding requests for reimbursement for items already purchased, this practice is no longer allowed. A purchase order must be obtained for every item purchased at the school level.